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25 January 1964

MEMORANDUM FOR THE ACTING DIRECTOR**SUBJECT: Cuba - A Reappraisal of the Situation and of US Policy**

1. This paper is for your information and is in response to your memorandum of 14 January.

Where We Are

2. Castro's control of Cuba is based upon the fanatic loyalty and discipline of a very small element of the population. His domestic position has eroded during the past year and he has had to resort to increasingly harsh measures of repression in order to maintain control. (An appraisal of Castro's situation and prospects prepared by O/NK and coordinated within the Agency is attached as Annex A).

3. Despite his problems within Cuba, Castro's prospects appear brighter as of early 1964 than they did even as recently as a few months ago.

4. This is largely due to several developments abroad which have given him an important psychological and political lift:

a. The increase in Cuban convertible currency reserves (from \$20 million to about \$100 million during the year) as a result of high sugar prices on the world market.

b. The Soviet-Cuban trade protocol for 1964 and renewed Soviet assurances of substantial aid and trade.

c. The British bus deal and the apparent eagerness of Free World countries to trade with Cuba on generous credit terms. This represents an important political and psychological triumph for Castro; its erosive effects are already evident.

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d. The recent events in Panama which, on the one hand, will add zest and fervor to Castroite activity elsewhere in Latin America, and, on the other, will dissipate at least some of the salutary effects within the OAS which followed the discovery of the Venezuelan arms cache.

e. The revolt in Zanzibar, however large or small Castro's actual role, will add to his stature as a revolutionary with an appeal and an influence extending beyond the confines of the Western Hemisphere.

Where We Stand

5. It remains the ultimate US objective to replace the Castro regime with one compatible with US objectives in Cuba and Latin America. To accomplish this, we are attempting, by all means short of military force, to create a situation in which Castro will be overthrown from within, his capabilities for subversion elsewhere will be weakened, and his Soviet ally will forsake him as being too expensive and unreliable a client. In short, our present objective precludes accommodation with Castro and our present policy precludes the use of military force to displace him.

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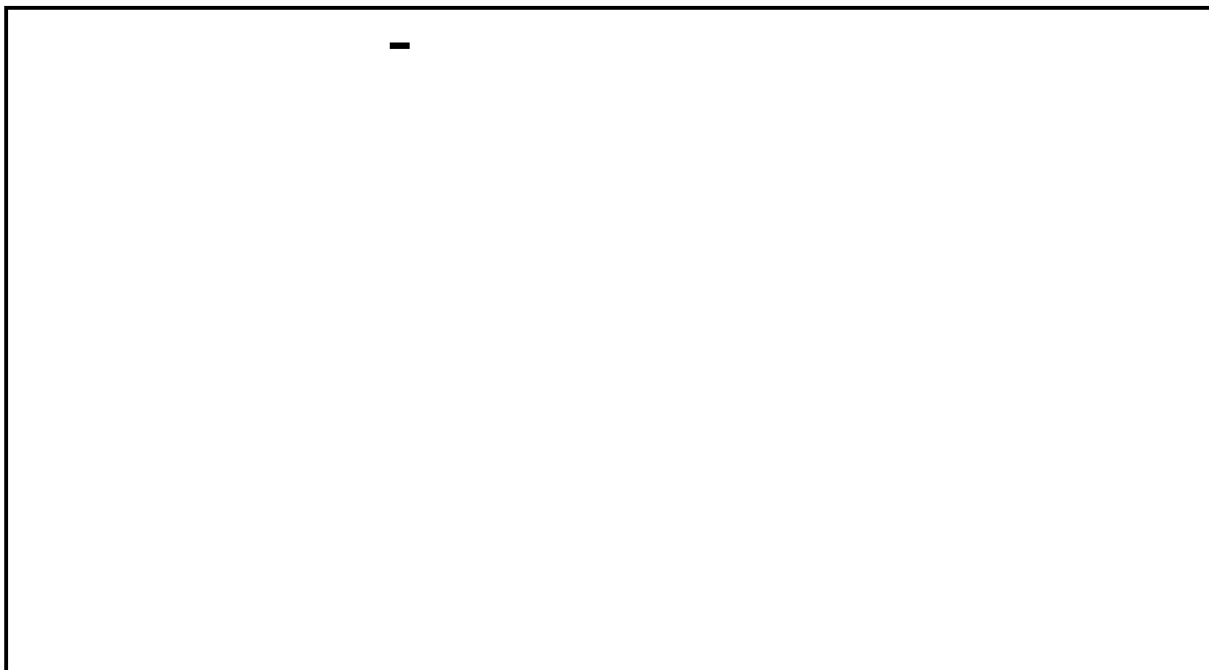
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CHESTER L. COOPER
Assistant Deputy Director (Intelligence)
(Policy Support)

Attachment

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